

Message Text

SECRET

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54

ACTION NEA-12

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ISO-00 SSO-00 CCO-00

NSCE-00 USSS-00 INRE-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 PA-04

PRS-01 ACDA-19 IO-14 USIE-00 SCEM-02 INT-08 DRC-01

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O 181455Z OCT 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC IMMEDIATE 7930

INFO AMEMBASSY ABU DHABI IMMEDIATE

USINT ALGIERS IMMEDIATE

AMEMBASSY BEIRUT IMMEDIATE

AMEMBASSY CARACAS IMMEDIATE

USINT CAIRO IMMEDIATE

AMCONSUL DHAHRAN IMMEDIATE

AMEMBASSY TEL AVIV IMMEDIATE

AMEMBASSY LAGOS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY TEHRAN IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY TRIPOLI IMMEDIATE

AMEMBASSY CEENNA IMMEDIATE

AMEMBASSY JAKARTA IMMEDIATE

USUN NEW YORK IMMEDIATE 0383

USMISSION OECD PARIS IMMEDIATE

S E C R E T KUWAIT 3801

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BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, PFOR, KU, US

SUBJECT: ATEEQI COMMENTS ON OAPEC MEETING

REF: (A) KUWAIT 3796 (B) KUWAIT 3800

1. I MANAGED TO CATCH MINFINANCE AND OIL ATEEQI FOR FEW MINUTES IN HIS OFFICE NOON OCTOBER 18 TO ASK HIM ABOUT JUST-ENDED KUWAIT OIL CONFERENCE.

2. ATEEQI SAID CUMULATIVE EFFECT OF INITIAL REDUCTION OF FIVE PERCENT OF OIL PRODUCTION FROM EACH OAPEC STATE WAS INTENDED TO RESULT IN COMPLETE EMBARGO ON OIL TO UNITED STATES BUT AT SAME TIME MINIMAL PRIVATION TO ALL OTHER OIL CONSUMERS. SUCCEEDING MONTHLY FIVE PERCENT REDUCTION WOULD OF COURSE INCREASINGLY AFFECT OTHER CONSUMERS. IN CASE OF KUWAIT, HE SAID, OIL EXPORTS TO US WERE LESS THAN TWO PERCENT. THIS OIL WOULD BE HALTED RIGHT AWAY AND BALANCE OF THREE PERCENT (AT MINIMUM) WOULD BE TAKEN OUT OF OIL TO OTHER CUSTOMERS.

3. ATEEQI SAID MODERATES AT CONFERENCE HAD TO FIGHT HARD TO HOLD DOWN DEMANDS OF OTHERS FOR MUCH MORE DRASTIC OIL CUTS. MODERATE THEORY THAT FINALLY WON OUT WAS THAT OIL CUT-BACKS SHOULD SERVE PRIMARILY AS WARNING TO US AND OTHER CONSUMERS THAT ARAB OIL PRODUCERS AS SERIOUS AS FRONT LINE FIGHTERS THAT ISRAEL MUST GIVE UP OCCUPIED LANDS. US AND OTHER CONSUMERS MUST LOOK TO WHERE THEIR INTERESTS LIE; THOSE THAT DID NOT WOULD COME UNDER INCREASING PRESSURE AS MONTHS WENT BY. ATEEQI SAID OAPEC NOT RPT NOT CONCERNED ABOUT ANY POOLING ARRANGEMENTS THAT MIGHT BE WORKED OUT BY CONSUMERS. THE LONGER SATISFACTORY ARAB SETTLEMENT WITH ISRAEL WAS DELAYED, THE SHORTER THE OIL SUPPLY WOULD BECOME FOR EVERYONE. THIS IN ADDITION TO FACT THAT MARGIN OF OIL AVAILABLE TO ANY ONE CONSUMER TO PASS ON TO ANOTHER ALREADY VERY THIN.

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4. ATEEQI TOLD ME ABSENCE OF SPECIFIC MENTION OF UNITED STATES IN OAPEC ANNOUNCEMENT WAS AT INSISTENCE OF SAUDIS.

5. I ASKED ATEEQI WHETHER HE DID NOT HAVE SOME OPTIMISM THAT PRODIGIOUS EFFORTS NOW BEING MADE TO BRING CRISIS TO AN END WOULD SUCCEED. ATEEQI SAID HE FERVENTLY HOPED SO. HOWEVER, PRESENT MOOD OF ARABS WAS NOT ONE OF COMPROMISE. ALL ARABS ARE IN THE FIGHT AND THOSE WITH ECONOMIC RATHER

THAN MILITARY WEALTH
HAD TO USE THEM.
STOLTZFUS

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NNN

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